

Executive Summary: Theater Planning Study

Schuler Shook in association with Webb Management & Venue Cost Consulting

Schuler Shook, along with Webb Management and Venue Cost Consulting, was engaged to reevaluate and further understand the needs and usage of the two new halls proposed in the 2008 WAC feasibility study. The study was commissioned after the decision to build the large hall in Bentonville and the mid-sized hall in Fayetteville. That decision had the potential to significantly impact usage of both halls and, therefore, there was a need for more detailed study.

Study Goals:

- Validate the need for two new halls in the region (Fayetteville & Bentonville)
- Understand the likely usage of each of the new halls in their respective locations
- Determine building needs based on the anticipated usage
- Estimate cost of construction for each of the facilities based on user needs
- Assess what it would cost to operate both the current and projected new facilities

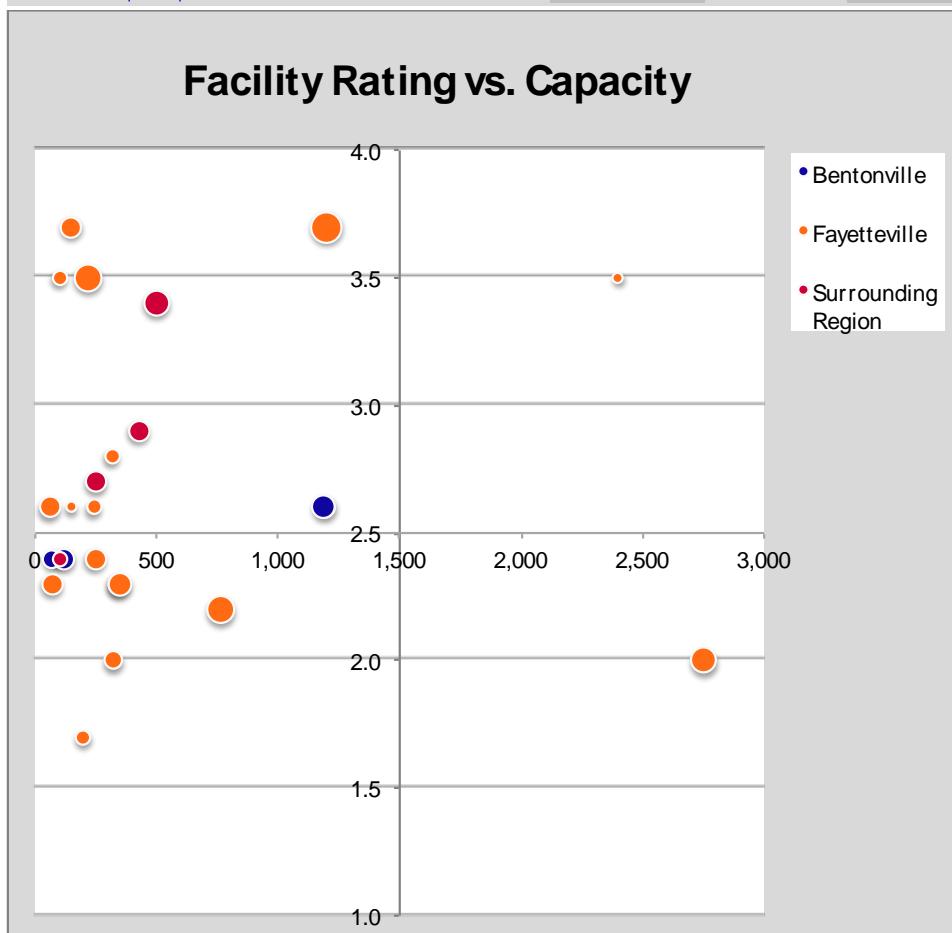
Process:

The consulting team worked closely with WAC leadership to develop lists of key stakeholders and potential users for the new facilities. These stakeholders were invited to attend a series of meetings held April – June 2011. Meetings took place with vendors, artists, non profits, current facility users, resident companies, arts organizations, Walmart and others who might have use for the new facilities. In addition, demographics, market comparison studies and economic impact studies were conducted to help determine community need and viability of the facilities.

Need for New Facilities Validated:

The study team endorses the concept of building a large theater in Bentonville and an additional mid-sized venue in Fayetteville, based on community needs identified. The current Walton Arts Center facility is operating beyond capacity, which is hindering development of new programs both from WAC and from other arts organizations and in relation to comparably-sized markets, Northwest Arkansas is significantly underserved in regards to performances spaces.

Large Scale Venues in Comparable Markets					
	Fayetteville-Springdale-Rogers, AR	Gainesville, FL	Huntsville, AL	Lexington-Fayette, KY*	Austin-Roundrock-San Marcos, TX
2000 CBSA Population	347,045	232,392	342,376	408,326	1,249,763
2011 CBSA Population	482,433	272,074	422,300	481,549	1,773,675
11 Year Growth (%)	39%	17%	23%	18%	42%
Per Capita Spending on Admission Fees for Entertainment (2008)	\$19.90	\$24.40	\$17.60	\$17.60	\$25.10
Per Capita Spending on Admission Fees for Entertainment (2013)	\$22.30	\$27.00	\$20.10	\$19.80	\$26.70
2011 Population (Age 25+) with College Degree (%)	25%	38%	34%	34%	38%
2011 Population (Age 25+) with Graduate Degree (%)	8%	19%	12%	14%	13%
% Households with Income Level of \$100,000+	12%	13%	19%	16%	21%
Total Number of Large Scale Venues (1,200 seats +)	1	2	1	4	5
Large Scale Venues (1,200 seats +)	Walton Arts Center (1,200)	Phillips Center For the Arts (1,750), The Florida Theatre/The Venue (1,200)	Von Braun Center Concert Hall (2,153)	EKU Performing Arts Center (2,000), Norton Center Newlin Hall (1,500), Singletary Center for the Arts Concert Hall (1,487), UK Memorial Hall (1,500)	UT: Bass Concert Hall (2,900), Long Center Dell Hall (2,442), Moody Theater (2,700), Paramount (1,287), UT: Hogg Auditorium (1,228)
Total Capacity of Indoor Large Scale Venues (1,200+ seats)	1,200	2,950	2,153	6,487	10,556
Seats per Capita	0.002	0.011	0.005	0.013	0.006
Proposed new facilities Walton Arts Center Facilities	2,000				
Revised Capacity of Large Scale Venues	3,200				
Revised Seats per Capita	0.007				



In addition to theater space, the study illuminates a significant need in both Fayetteville and Bentonville for meeting and special event space. There is great desire among many stakeholders – corporations, non-profits, the UA, event planners, etc. – for space to host large meetings and events. This usage, beyond performance events, will play a significant role in the ability to operate the facilities in a sustainable manner. As such, building flexibility into the design of the new facilities (such as ability for the theater to convert to flat floor, large lobby spaces, good A/V equipment, etc.) is critical.

Study extended for UA

A key early finding in the study was that a mid-sized theater in Fayetteville would be used extensively by the University of Arkansas, specifically, the music department. Significant issues for UA ensembles were revealed during the study process, including the need for much greater access to a concert hall for performances and rehearsals, more ability for faculty to program in a concert space, and easier access (proximity) for students during the school day.

Based on these findings, the University of Arkansas requested that the consultants look further to determine whether it would be feasible to renovate a space on campus for a 600+ seat theater. This phase of the study was completed last month and concluded that the UA could renovate an existing building, the Old Fieldhouse, into a concert hall for approximately \$15-\$20M. (The cost is significantly less expensive than it would be to build a facility from the ground up).

The Recommended Building Plan

Based on the usage study and community needs assessment, the following building projects are recommended:

Bentonville Campus: 2000 seat hall plus education space

The new theater in Bentonville will be a great complement to the burgeoning cultural amenities in the downtown, and will provide greater access to performances for Northwest Arkansas audiences. Based on usage needs, we recommend that the theater be right at 2000 seats as we do not see need for it to be any larger (2200+ seats was suggested in the 2008 study). Costs rise significantly and intimacy is sacrificed in going above the 2000 seat mark. We also strongly recommend that an education center be incorporated into the design, including a small (200-ish seat) theater.

Key building elements include:

- 2,000 seat theater
 - Main floor plus one or two balconies
 - Main floor seating converts to flat floor – seating for 1,300
 - Stage with fly tower
 - Fully equipped including orchestra pit, acoustical shell, etc.
- 200 seat education theater
- Multipurpose room for 30 people

- Lobby with space for donor lounge to accommodate 100 people
- Art gallery
- Back of house support: dressing rooms, storage, etc.
- Office

Fayetteville Campus: WAC Renovations

Key needs to be addressed on the WAC campus are 1) free up theater space for more activity and 2) make the space more user-friendly for performance patrons and production as well as improve the venue for special events and meeting use.

The building of a new 600 seat venue on the UA campus would free Baum Walker Hall up significantly and allow for more activity, including performances and events that bring greater numbers of people to Dickson Street.

Key to increasing activity in the current WAC facility is significant renovations in the front and back of house areas. Specifically, the lobby space needs to be nearly doubled to allow for both the flow of patrons at major events, and open up additional revenue streams based on facility rental for special events.

Key elements of the renovation include:

- Main lobby/Front of House Additions:
 - Expand the main lobby significantly
 - Additional restrooms
 - Improve disabled access
 - New donor lounge to accommodate up to 100 people
 - New catering kitchen
- Back of House Additions:
 - New lighting (dimmer) system in Baum Walker Hall
 - Expand dressing rooms and artists areas
 - New storage – free up Starr Theater
- New office space to accommodate growing WAC staff
- Refurbish McBride Studio
- Renovations to Nadine Baum Studios
 - New Learning & Engagement classroom
 - Improve Studio Theater
 - New rehearsal room
 - New storage and support areas

We support the view that a 600 seat theater on the UA campus, along with the proposed renovations to WAC, would eliminate any near term need for a new 600 seat theater on the WAC campus. However, if the University decides not to proceed with the retrofit of the Old Fieldhouse, WAC should build a 600 seat multi-purpose theater on its existing campus.

Project Costs

Once the space program was developed based on the needs study, Venue Cost Consulting was engaged to price the project. The study examined both the construction costs for the facilities as well as the total project costs that will be incurred (construction costs plus soft costs such as design, fundraising, permits, etc.).

Projected Costs are as follows:

<u>Facility</u>	<u>Construction Costs</u>	<u>Total Costs</u>
Bentonville Building, 2,000 /200 seat	\$123,150,000	\$160,100,000
Fayetteville Renovations	\$15,850,000	\$20,600,000
Endowment Need		<u>\$20,000,000</u>
	TOTAL	\$200,700,000

<i>Bentonville Building – Gross Floor Area</i>	<i>191,800 gsf</i>	<i>-</i>	<i>\$642/gsf</i>
<i>Existing Fayetteville Building, Adds, Upgrades</i>	<i>44,500 gsf</i>	<i>-</i>	<i>\$356/gsf</i>
<i>Total</i>	<i>236,300 gsf</i>		

UA 600 seat theater – renovation

UA Renovation of Old Fieldhouse \$15-\$20M

Comparable Venue Costs

Venue studied comparable facilities that have been built around the United States in the past few years to get a sense of where this project fits relative to others. This comparison reveals that the building project as programmed is within the standard building costs if not slightly lower than many. In fact, there are many new theaters that are being built at a significantly greater cost per square foot.

<i>Facility</i>	<i>Location</i>	<i>Type/Seat Count</i>	<i>Gross Floor Area</i>	<i>Construction Cost adjusted to mid 2014 bid date and Arkansas location</i>	<i>\$/gsf</i>
Schermerhorn Symphony Center 	Nashville, TN	Concert Hall (1,900) Music Education Hall (300)	197,000	\$159,200,000	\$808
Rensselaer Polytechnic Institute Experimental Media and PAC 	Troy, NY	Concert Hall (1,200) Theatre (400) Studio 1 (240) Studio 2 (120)	217,700	\$173,000,000	\$795
Overture Center for the Arts 	Madison, WI	Multipurpose Hall (2,295) Capital Theatre (1,089) renovation Multipurpose Theatre (252)	380,000	\$293,050,000	\$771
<i>Facility</i>	<i>Location</i>	<i>Type/Seat Count</i>	<i>Gross Floor Area</i>	<i>Construction Cost adjusted to mid 2014 bid date and Arkansas location</i>	<i>\$/gsf</i>
Walton Arts Center	Bentonville, AR	Multipurpose Hall (2,000) Flexible Theatre (200)	191,800	\$123,150,000	\$642
Mondavi Center UC Davis 	Sacramento, CA	Multipurpose Hall (1,800) Studio Theatre (250)	103,600	\$66,000,000	\$637
Aronoff Center for the Arts 	Cincinnati, OH	Multipurpose Hall (2,700) Theatre (440) Studio Theatre (150)	215,000	\$130,100,000	\$605

Activity & Operating Costs

The study indicates that the programmed spaces will be busy. The flexibility built into the facilities allows for earned revenue streams that include not only performance related revenue, but significantly more earned revenue from rental activity.

WAC Pro-forma Activity Levels					Improved Facilities Open in Fayetteville!		New Facilities open in Bentonville!			
	Forecast FY12	Forecast FY13	Forecast FY14	Forecast FY15	Forecast FY16	Forecast FY17	Forecast FY18	Forecast FY19	Forecast FY20	Forecast FY21
BWH Use Days	268	263	268	247	277	273	216	220	224	226
Starr	66	69	86	80	118	124	125	130	135	138
Studio	3	3	3	3	3	13	15	17	19	21
Bent. Large							151	160	168	170
Bent Small							227	231	235	239

The projected operating budget for Walton Arts Center will double by 2021. Earned revenue is projected to double and unearned revenue will grow about 50%. It is imperative to plan for negative operating results for the 4 years just before and after the Bentonville facility opens (endowment/campaign). A growth in the endowment of \$20M is key to offset limits on fundraising, and AMP revenue begins to contribute in FY20 after the debt is repaid.

WAC Pro-forma Operating Budget					Improved Facilities Open in Fayetteville!		New Facilities open in Bentonville!			
Summary	Forecast FY12	Forecast FY13	Forecast FY14	Forecast FY15	Forecast FY16	Forecast FY17	Forecast FY18	Forecast FY19	Forecast FY20	Forecast FY21
WAC Earned Income	5,522,903	5,663,115	6,059,154	5,995,783	6,533,015	7,057,814	10,181,040	10,442,796	11,060,655	11,515,537
WAC Contributed Income	4,405,448	4,695,810	4,825,994	5,045,698	5,325,443	5,601,715	5,929,801	6,230,291	6,543,805	6,830,995
Total Income	9,928,351	10,358,925	10,885,148	11,041,481	11,858,458	12,659,528	16,110,840	16,673,086	17,604,461	18,346,532
Operating Expenses	9,769,666	10,243,473	10,832,943	10,886,709	11,814,518	12,731,003	16,559,532	17,007,686	17,702,451	18,335,847
Operating Result	158,685	115,452	52,205	154,772	43,940	-71,474	-448,692	-334,599	-97,990	10,685

Economic Impact

The construction of new and renovated facilities, as well as the increased activities will have significant economic impact in both Fayetteville and Bentonville, as well as throughout the Northwest Arkansas region. The university's timeline for building the new concert hall will allow WAC to increase public events at WAC by 2015, bringing additional economic activity to the Entertainment District. The renovations of the WAC facility slated for a year later will again do the same – perhaps even more. Similar impact will be seen in Bentonville when construction of that new facility begins.

One-time Impacts of Construction on Northwest Arkansas

	Construction Budget	\$	20,600,000
(Industry Code 230000)	Final Demand Multipliers	Project Outputs	
Output	1.8296	\$	37,689,760
Earnings	0.6144	\$	12,656,640
Employment (person-years of employment)	17.1596		353